

FISCAL NOTE

HB 3968

March 30, 2006

SUMMARY OF BILL: Enacts the *Voter-Owned Elections Act* and establishes the Tennessee Democracy Fund, to be administered by the Registry of Election Finance, as an alternative source of campaign financing for candidates who obtain a sufficient number of qualifying contributions from registered voters and who voluntarily accept strict fund-raising and spending limits. This funding mechanism will be available to candidates for *local elections* and the General Assembly in elections to be held in 2008 and thereafter, and to candidates for Governor in elections to be held in 2010 and thereafter. The Fund is established to finance the election campaigns of certified candidates and to pay administrative and enforcement costs of the Registry related to this Act.

There is established under the Registry a five-member Voter-Owned Elections Advisory Council which shall advise the Registry on the rules and opinions it adopts for the enforcement and administration of this Act and on the funding needs of the Democracy Fund. This Act establishes a civil penalty of up to \$10,000 per violation; and, in addition, a candidate found in violation may be required to return all amounts distributed to the candidate from the Fund.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures:

Registry of Election Finance and/or State Elections Coordinator:

Exceeds \$200,000 One-Time

Exceeds \$800,000 Recurring

Tennessee Democracy Fund - Exceeds \$20,000,000

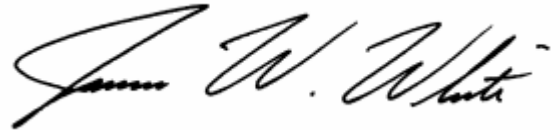
Assumptions:

- The number of local candidates in a given year could reach 10,000. However, in odd numbered years there would be fewer candidates. The amount of campaign funds spent by these candidates is unknown since these candidates do not currently file with the Registry of Election Finance. It is also unknown how many of these candidates would qualify and seek financial assistance from the Fund. Several additional staff positions would be required to process and document and monitor the distribution of the funds.

- The increase in state appropriations of an amount exceeding \$20,000,000 to the Democracy Fund would be used to assist certified candidates fund their election campaigns.
- An increase in state expenditures of approximately \$800,000 recurring and \$200,000 one-time would be required for additional staff and operating costs to the Registry of Election Finance and/or the State Elections Coordinator to handle the comprehensive public campaign financing.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director